

Message Text

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ACTION EB-08

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 7789

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 13607

E.O. 11652: GDS

TAGS: EAIR, BE

SUBJECT: CIVAIR: PAN AM FARES AND THEIR IMPLICATIONS FOR
US-GOB CIVAIR TALKS

REF: (A) BRUSSELS 13341; (B) STATE 170741

1. BEGIN SUMMARY. EMBOFF DISCUSSED PANAM FARE SITUATION WITH DIRECTOR GENERAL FOR CIVIL AVIATION VANDERPERREN ON JULY 11. VANDERPERREN BELIEVES FEBRUARY 10 NOTICE OF DISSATISFACTION ALSO COVERS LATER APRIL 12 PANAM FILING; ADDED LITTLE CLARITY ON TRANSSHIPMENT ARGUMENT USED IN JUNE 14 REFUSAL OF PANAM BUDGET FARES; AND MAINTAINS THAT GOB DISAPPROVAL OF THESE FARES IS STILL VALID. HE CLEARLY SIGNALLED, HOWEVER, THAT DGAC WILL NOT MOVE AGAINST PANAM. VANDERPERREN WANTS CONSULTATIONS ON FARES TO TAKE PLACE IN CONTEXT OF FALL CIVAIR TALKS, AND SAID THESE AND OTHER OUTSTANDING CIVAIR ISSUES CAN BE QUICKLY RESOLVED IF US PREPARED TO OFFER BELGIANS THE EQUIVALENT OF AGREEMENT CONCLUDED WITH DUTCH IN MARCH. EMBASSY BELIEVES FALL TALKS ARE UNLIKELY TO BE CONVENED UNLESS U.S. SIGNALS WILLINGNESS TO DISCUSS ADDITIONAL GATEWAY OR GATEWAYS FOR SABENA. END SUMMARY.

2. ON QUESTION OF NOTICE OF DISSATISFACTION, VANDERPERREN CLAIMS THAT DISSATISFACTION NOTICE SENT TO EMBASSY
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FEBRUARY 10 (BRUSSELS 2833), IN RESPONSE TO PANAM'S PROPOSAL OF FEBRUARY 7 ON APEX, BUDGET AND STANDBY FARES, MEETS THE STATUTORY REQUIREMENT SET FORTH IN SECTION V OF THE ANNEX TO THE 1946 ATS AGREEMENT. HE EXPLAINED THAT WHILE DGAC WAS STILL CORRESPONDING WITH PANAM ON THE FARE PROPOSALS IN THE FEBRUARY 7 LETTER, PANAM ADDED TO ITS APRIL 12 REPLY WHAT WAS, IN EFFECT, A NEW PROPOSAL

FOR BUDGET FARES BETWEEN BRUSSELS AND US POINTS OTHER THAN NEW YORK. VANDERPERREN ASSUMED THAT HIS FEBRUARY 10 NOTICE OF DISSATISFACTION WOULD COVER WHAT WAS TO HIM SIMPLY A BROADENING OF PANAM'S FEBRUARY 7 REQUEST.

3. ON TRANSSHIPMENT ARGUMENT, USED BY DGAC IN JUNE 14 LETTER TO PANAM TO DISAPPROVE ITS APRIL 12 BRUSSELS-MULTIPLE DESTINATIONS BUDGET FARE APPLICATION, VANDERPERREN SAID THAT HE COULD NOT QUARREL WITH A FLIGHT FROM BRUSSELS TO NEW YORK VIA LONDON AND THEN ONWARDS TO SOME OTHER US DESTINATION. BUT, IN A CONFUSING AND OPAQUE ARGUMENT, HE SAID THAT FLIGHT FROM NEW YORK ONWARDS WAS OBVIOUSLY NOT THE SAME AIRCRAFT, AND THAT THERE WAS A GOOD DEAL OF CONTROVERSY OVER QUESTION OF TRANSSHIPMENTS AND CONNECTIONS AND DIFFERENCES BETWEEN THEM THAT WAS BEST LEFT TO EXPERTS TO RESOLVE. HE NOTED THAT 1946 ATS AGREEMENT IS APPARENTLY ONE OF FEW IN EXISTENCE WHICH HAVE TRANSSHIPMENT CLAUSE, AND ADDED THAT SIMILAR QUESTION HAD ARISEN IN RECENT FRENCH-US IMBROGLIO OVER CHANGE OF GAUGE FROM LONDON TO PARIS.

4. WHEN WE ASKED VANDERPERREN ABOUT THE PRESENT STATUS OF PANAM'S BUDGET FARE FILINGS, HE SAID THAT DGAC DECISION DISAPPROVING PANAM'S BUDGET FARE FILING STILL STANDS. HE BELIEVES THAT PANAM IS GETTING AROUND THIS BY TICKETING PASSENGERS FROM BRUSSELS TO LONDON AND THEN VIA SEPARATE TICKET AT BUDGET FARE FROM LONDON TO THEIR US DESTINATION. CONFIDENTIAL

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VANDERPERREN BELIEVES THAT THE DIFFERENCE BETWEEN US AND GOB ON THIS ISSUE IS A MATTER FOR CONSULTATION AS SET OUT IN SECTION VII OF THE ANNEX TO THE 1946 ATS AGREEMENT. ALTHOUGH DIFFERENCE IN POINT OF VIEW BETWEEN GOB AND US ON THE VALIDITY OF PANAM BUDGET FARES TO DESTINATIONS OTHER THAN NEW YORK APPEARS TO BE FUNDAMENTAL, VANDERPERREN VIRTUALLY ASSURED EMBOFF THAT NO ACTION WOULD BE TAKEN AGAINST PANAM, SINCE HIGH SEASON IS NEARLY COMPLETED AND CONSULTATIONS ON THIS AND OTHER CIVIL AVIATION ISSUES SHOULD TAKE PLACE THIS FALL.

5. DURING THE COURSE OF DISCUSSION, EMBOFF DREW STRONG IMPRESSION THAT A PRIMARY MOTIVATION FOR DGAC STICKINESS ON FARE QUESTION IS GOB DESIRE TO OBTAIN CONCESSIONS IN THE NEXT ROUND OF CIVIL AVIATION DISCUSSIONS. VANDERPERREN SAID THAT FARES QUESTION, ONWARD RIGHTS FROM BRUSSELS AND CARGO CHARTER AGREEMENT COULD ALL BE WORKED OUT QUICKLY AND EASILY IN SEPTEMBER OR OCTOBER PROVIDED THE US WAS WILLING TO CONCEDE TO GOB WHAT IT HAD ACCORDED DUTCH IN MARCH 1978 AGREEMENT; I.E., AN UNSPECIFIED ADDITIONAL LANDING POINT. VANDERPERREN ADDED CONFIDENTIALLY THAT DGAC WAS DOING SOME PRELIMINARY THINKING ABOUT

DALLAS AND OF LINKING ITS BRUSSELS/ATLANTA FLIGHT TO A DALLAS DESTINATION.

6. MORE FAVORABLE TREATMENT ACCORDED DUTCH IN MARCH CLEARLY RANKLES VANDERPERREN. IN HIS OPINION, BELGIANS NEGOTIATED TOO EARLY IN THE GAME AND BEFORE REALIZING EXTENT TO WHICH LAISSER-FAIRE US CIVIL AVIATION REGIME WOULD APPLY ON INTERNATIONAL ROUTES. HE AGREED WITH REMINDEE THAT AGREEMENTS NEGOTIATED IN OCTOBER HAD TO BE RESPECTED IN JULY BUT NOTED THAT THESE PARTICULAR NEGOTIATIONS WERE STILL OPEN.

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7. COMMENT: OUR IMPRESSION AFTER TALKING TO VANDERPERREN IS THAT THE FAVORABLE AGREEMENT WORKED OUT WITH THE DUTCH IN MARCH 1978 (JUST PRIOR TO THE SECOND ROUND OF US-GOB TALKS) IS A MAJOR FACTOR MOTIVATING RECENT GOB RE-CALCITRANCE OR OBSTRUCTION ON OTHER CIVIL AVIATION ISSUES, SUCH AS FARES. RIGHTLY OR WRONGLY, BELGIANS, PARTICULARLY IN AVIATION, TEND TO COMPARE THEMSELVES AND SABENA WITH DUTCH AND KLM. ADD TO THIS SENTIMENT THE BELGIAN KNOWLEDGE THAT THE DUTCH WERE AMONG THE MOST INTRANSIGENT ECAC OPPONENTS OF THE NEW US AVIATION POLICY IN THE OCTOBER 1977-FEBRUARY 1978 PERIOD AND WERE HIGHLY CRITICAL OF THE BELGIANS FOR BREAKING ECAC RANKS AND GIVING IN TO THE US IN OCTOBER, AND IT APPEARS CLEAR THAT BELGIANS BELIEVE THAT THEY HAVE NOT DONE AS WELL OUT OF COOPERATING WITH THE US IN CIVIL AVIATION MATTERS AS THEY BELIEVE THEY SHOULD. ADD ALSO THEIR BELIEF THAT THE US HAS NOT COMPENSATED THEM IN TERMS OF GATEWAYS FOR THEIR COOPERATIVE ATTITUDE AND IT IS ONLY A SHORT STEP FOR BELGIANS TO DECIDE THAT IF COOPERATION ON AVIATION DOES NOT ACHIEVE THEIR GOALS, PERHAPS BEING DIFFICULT AND DEMANDING WILL.

8. IN EMBASSY'S OPINION, BELGIANS DO NOT REGARD THE US
OFFER OF BLIND SECTOR RIGHTS FROM ATLANTA TO MEXICO CITY
TO BE ADEQUATE COMPENSATION FOR THE CONCESSIONS THEY HAVE
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BEEN ASKED TO GIVE ON FARES, CARGO CHARTERS, AND ONWARD
RIGHTS FROM BRUSSELS TO WARSAW AND MOSCOW. THEY ARE,
HOWEVER, WILLING TO MEET US PROPOSALS IN THESE FIELDS IF
THE US WILL OFFER CONCESSIONS SIMILAR TO THOSE THE DUTCH
RECEIVED IN MARCH.

9. IN THE ABSENCE OF A SIGNAL THAT SUCH CONCESSIONS WILL
BE CONSIDERED, EMBASSY BELIEVES THAT THERE MAY BE DIFFI-
CULTY IN CONVENING THIRD ROUND TALKS THIS FALL--AS
DEMONSTRATED BY GOB RELUCTANCE TO NEGOTIATE WITH US IN
JUNE--AND THAT WE WILL CONTINUE TO CONFRONT DIFFICULTIES
WITH THE BELGIANS ON FARES AND POSSIBLY OTHER CIVIL
AVIATION MATTERS AS WELL. DE TARR

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